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DPU Slashes Fitchburg Rate Hike Request

After six-month investigation, Department approves electricity-bill increase of just \$2.85 per month for average customer, 99 cents for low-income

BOSTON – The Department of Public Utilities (DPU) today approved electricity rates for customers of Fitchburg Gas & Electric that will mean an estimated increase of \$2.85 per month for the typical household, and just 99 cents for low-income customers.

Following a six month investigation, the Department denied nearly \$1 million of the \$3 million rate hike sought by Fitchburg Gas & Electric, a subsidiary of New Hampshire-based Unitil. The DPU allowed the distribution utility to recover in rates charged to customers portions of the expenses associated with implementing an automated meter reading system and other system improvements, but disallowed recovery of \$958,000 sought in a variety of categories, including payments to the regional power grid, property and liability insurance, bad debt, and legal and consulting fees related to the rate proposal.

On August 17, 2007, Fitchburg Gas & Electric filed its proposed rate increase that would have raised rates an estimated 7.7 percent, or \$7.47 on a typical residential customer's monthly bill. The effect of the DPU's decision is to hold the monthly electric bill increase for a typical Fitchburg residential customer to \$2.85, or 2.8%. Monthly bills for customers eligible for a low-income rate will see a lower increase of 1.1%, or \$0.99.

The single largest expense Fitchburg sought to recover through the proposed rate increase was the cost of an automated information system (AMI), a \$5.2 million investment to be amortized over several years. The AMI system is an automated meter reading system by which customer meter data is sent automatically over Fitchburg's distribution lines to data collection centers where it can be processed for billing. The AMI system also provides two-way communication

between customers' meters and the service center, which provides capabilities such as remote "virtual" access (e.g., for disconnections and reconnections) and remote configuration of demand meters and time-of-use meters.

"This decision follows a comprehensive scrutiny of Fitchburg's proposal and balances the need to hold the line on energy prices while permitting Fitchburg's system to continue to provide safe and reliable electric service in Massachusetts," said Paul Hibbard, Chairman of the DPU. "We are hopeful that Fitchburg's new automatic meter reading system will further the Patrick Administration's goal of expanding energy efficiency to mitigate the impact of higher energy prices, especially on the most vulnerable low-income population."

Today's Order also reaffirmed the DPU's commitment to investigate and expand existing low-income consumer protections and discount programs in a separate DPU proceeding opened earlier this month.

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